GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:2055
ANSWERED ON:10.12.2015
Problems in Shipping Industry
Joshi Shri Chandra Prakash

Will the Minister of SHIPPING be pleased to state:

(a) whether the Indian Shipping Industry including Shipping Corporation of India are facing grim situation due to Baltic Dry Index hitting new lows recently and if so, the details thereof;
(b) whether the Indian National Ship-owners Association has put up a proposal to the government on this matter and if so, the details thereof and the response of the government thereto;
(c) whether the Government proposes to make it mandatory for state-owned companies to allocate 50% of its cargo volumes for Indian − flagged ships;
(d) if so, the details thereof and the time by which it is likely to be implemented; and
(e) the other steps taken/being taken by the Government to boost the shipping industry in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)
(a)&(b): Baltic Dry Index (BDI) experienced a fall from a high of 1484 in November, 2014 to 584 as on November 30, 2015. The Shipping Corporation of India (SCI) currently owns 17 Dry Bulk Carriers comprising about 25% of its own tonnage and profitability of the company has suffered due to present market condition. The Indian Shipowners' Association (INSA) have approached the Government for tax incentives to shipping industry to enable creation of a level playing field.
(c)&(d): Indian Shipping industry has been provided cargo support in the form of Right of First Refusal (RoFR) and policy of Free On Board (FOB) import is being followed for government owned/controlled cargoes. World over countries are securing transportation of their critical cargoes through their national shipping fleet. A Note has been circulated by Ministry of Shipping to user Government Departments/Ministries on similar lines for their views.
(e) To make the Indian shipping industry competitive, the Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of mix of EXIM, domestic and empty containers between two or more ports in India. In the Union Budget 2015-16, Government has brought in a uniform abatement of service tax for transportation of goods by rail, road and sea vessels. Indian shipping industry has been provided cargo support through Right of First Refusal (RoFR). Besides this, Government has allowed shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience. As a step towards creating a climate of "Ease of Doing Business" in the country, methodology for computation of period of stay of seafarers in India has been redefined. The period of stay in India henceforth will be counted from the date entered into the Continuous Discharge Certificate (CDC) in respect of joining the ship by the said individual and ending on the date entered into the CDC in respect of signing off by that individual from the ship.
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